Alcohol etc. (Scotland) Bill

Castle Leisure Group (CLG)

As one of Scotland’s leading independent licensed leisure operators with 29 years industry experience Castle Leisure Group (CLG) welcomes this opportunity to comment on the Alcohol etc (Scotland) Bill. CLG is a pre-eminent operator of bars, restaurants, nightclubs, entertainment hybrids and hotel rooms across Scotland’s central belt and trades from seventeen venues with a workforce numbering over 700. The company regards employee and customer welfare as a top priority and is credited with developing a number of ground-breaking policies on customer care and safety. In each town and city it trades CLG has excellent working relations with local authorities including the Licensing Board, Environmental Health, Building Control, Police and its residential and commercial neighbours. CLG has won a number of prestigious industry awards including Independent Multiple Operator of the Year for an unprecedented four consecutive years at the industry’s annual awards ceremony. The company’s managing director Paul Smith is a board member of NOCTIS, vice-chairman of the SLNOA (Scottish Late Night Operators Association) and a member of six Local Licensing Forums.

- The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

Scotland has an uneasy relationship with alcohol. The financial and personal cost is well documented. It can be of no coincidence that these problems are fuelled by the availability and price at which alcohol can be purchased. It is a well known fact supermarkets retail alcohol at below cost price thereby making some alcohol products cheaper than water. This practice, used by supermarkets as a hook to entice footfall and build loyalty, is to treat alcohol like an ordinary commodity such as a tin of beans or a loaf of bread and not with the respect a licensed drug ought to be treated. Minimum pricing is a useful tool in the nation’s quest to improve our relationship with alcohol. It is not, in and of itself a panacea, but is one measure in a range of measures required to address the problem. It is right that minimum pricing relates to a unit of alcohol lifting the ridiculously low price of some alcohol brands to a more realistic price. At the suggested price of 40p - 50p per unit this would lift the floor price only slightly but will help address the practice of below cost price selling without taking alcohol out-of-reach for the ordinary person.

There are no disadvantages. The argument that minimum pricing, as under consideration, would take alcohol out-of-reach for the ordinary person is simply wrong and is political posturing. It would not affect the
price that alcohol is retailed at in the on-trade and would only slightly increase the cost in the off-trade.

- **The level at which such a proposed minimum price should be set and the justification for that level**

  The suggested level at 40p-50p would only artificially increase the price of alcohol. CLG has retailed alcohol in the on-trade for 29 years and believe even at 80p - £1.00 per unit this would not affect the average price in the on-trade or take it out-of-reach for the ordinary person at both on and off trade sectors.

  The illustration below compares the price difference between a unit price of 80p - £1.00 against the average retail price of CLG.

  - A standard pint of lager is 2.3 units. At 80p per unit the minimum retail price would be £1.84, at £1.00 per unit the minimum retail price would be £2.30.
    CLG’s average price across its estate is £2.80
  - A standard pint of beer is 2 units. At 80p per unit the minimum retail price would be £1.60, at £1.00 per unit the minimum retail price would be £2.00.
    CLG’s average price across its estate is £2.70
  - A 25ml of vodka is 0.9 units. At 80p per unit the minimum retail price would be 72p, at £1.00 per unit the minimum retail price would be 90p.
    CLG’s average price across its estate is £2.30
  - A 125ml of wine is 1.5 units. At 80p per unit the minimum retail price would be £1.20, at £1.00 per unit the minimum retail price would be £1.50.
    CLG’s average price across its estate is £2.07
  - A 25ml of whisky is 1 unit. At 80p per unit the minimum retail price would be 80p, at £1.00 per unit the minimum retail price would be £1.00.
    CLG’s average price across its estate is £2.40.

- **The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking**

  Most stakeholders in the alcohol industry accept minimum pricing is not the silver bullet by which Scotland’s alcohol problems will be solved. It is necessary to take a backwards step and look at the cause of the problem. As previously mentioned the price and availability of alcohol is materially different from bygone years. The off-trade has grown exponentially whilst the on-trade has remained fairly static or slightly shrunk in size. The price of alcohol has decreased in real terms and consumption has increased considerably over the years. The real shocking point though is the inexplicable level to which alcohol pricing
has dropped, particularly in the off-trade. The on-trade simply cannot compete with the off-trade which retails below cost price as a footfall driver and loyalty builder. When alcohol can be sold cheaper than water and dominates the television advertisement space for supermarkets it should be clear to all it is being treated more as a promotional driver rather than a profit driver or with the necessary respect any licensed drug requires. Tesco sells a 440ml own brand value lager (0.9 units) for 23p per can\(^1\) or 30p per pint equivalent against an equivalent water price of 45p\(^2\). The supermarket giant sells own brand vodka at £7.63 per 70cl bottle\(^3\). This equates to 27p per pub measure (25ml). This practice causes the public to stockpile for home consumption in uncontrolled environs. One of the problems with home drinking is there is no regulating as to when the individual has consumed enough. Minimum pricing will serve to lift the floor price to a more realistic level yet will not take it out of the reach of the ordinary person. To illustrate the point and using the examples above Tesco’s own brand value lager would increase from 30p per pint equivalent to 46p using a 40p per unit minimum price with their own brand vodka increasing from 27p per pub measure (25ml) to 36p or £10.08 per bottle again assuming 40p per alcohol unit. These small increases barely lift the price of alcohol and easily maintain them within the reach of the ordinary person and still well below the on-trades equivalent price. This surely is a step in the right direction - an effective tool to begin to address the problem and whilst it will not stop the chronic abuser from consuming dangerous levels of alcohol, it will, as studies have concluded, reduce the alcohol intake of the ordinary social drinker who regularly drinks more than the safe daily recommended limit.

- **Possible alternatives to the introduction of a minimum alcohol sales price as an effective means of addressing the public health issues surrounding levels of alcohol consumption in Scotland**

Another suggested alternative is to raise duty. Raising alcohol duty will only raise the price of alcohol across the board and serve to take alcohol out-of-reach of the ordinary person. Compared to minimum pricing, which serves to lift the floor price without lifting the ceiling price, raising duty would also lift the ceiling price. This reason alone makes minimum pricing the better of the alternatives.

- **The advantages and disadvantages of introducing a social responsibility levy on on-sales and off-sales licence holders in Scotland (e.g. pubs, clubs, off licences shops etc)**

With the on-trade receiving an unfair level of the criticism and blame for the social-ills created by alcohol abuse this sector of the trade has taken great strides to improve retailing methods and its social responsibility. CLG would contend much of the current alcohol-fuelled disorder problems are as a result of pre-loading, the phenomenon by which the public overload with cheap alcohol before heading out of an evening. Should a social responsibility levy be introduced, it is CLG’s
contention that to offset this levy the on-trade would switch investment away from customer care and safety to retaining this expenditure to preserve bottom-line profit. It could not afford to do both. Often problems relating to alcohol-fuelled disorder come from one or two individual premises (both on and off trade) and not a collection of licensed premises. To impose a levy (presumably on all premises) will be seen as a stealth tax and will not solve the problem. The more appropriate way to deal with the problem is to use the new powers afforded under the Licensing (Scotland) Act 2005 to review the licence of a problem premise(s) under section 36, thereby singling out those premises that cause a problem and leaving unpunished those premises that care about and invest in social responsibility.

The Justice Secretary visited CLG’s new hybrid venue “City” in Falkirk and was most impressed with the investment into customer care and safety. He saw that although these premises have a large occupant capacity they are very well engaged with customer care and safety and provide little toxic fallout compared to smaller premises that make no investment. It does not necessarily follow that the bigger the premises the bigger the potential problem. The antithesis is true; the bigger premises have the ability to heavily invest into finding cures such as CCTV, first-aid facilities, health and safety training, drug policies etc. By applying a social responsibility levy across the board the good operators are punished whilst the bad operators do nothing to improve their standards. The answer is to deal directly with those operators not practising social responsibility and not to deter investment by those who do - investment raises standards – a levy will reduce standards.

<table>
<thead>
<tr>
<th>Product</th>
<th>Pack Size</th>
<th>Units of Alc</th>
<th>Min Price per Unit</th>
<th>Minimum Price</th>
<th>CLG Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Lager 4% abv</td>
<td>Pint</td>
<td>2.3</td>
<td>40p/80p/£1.00</td>
<td>£0.92/£1.84/£2.30</td>
<td>£2.70</td>
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<tr>
<td>Standard Beer 3.5% abv</td>
<td>Pint</td>
<td>2</td>
<td>40p/80p/£1.00</td>
<td>£0.80/£1.60/£2.00</td>
<td>£2.80</td>
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<tr>
<td>Vodka 37.5% abv</td>
<td>25ml</td>
<td>0.9</td>
<td>40p/80p/£1.00</td>
<td>£0.36/£0.72/£0.90</td>
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<tr>
<td>Wine 12% abv</td>
<td>125ml</td>
<td>1.5</td>
<td>40p/80p/£1.00</td>
<td>£0.60/£1.20/£1.50</td>
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<tr>
<td>Whisky 40% abv</td>
<td>25ml</td>
<td>1</td>
<td>40p/80p/£1.00</td>
<td>£0.40/£0.80/£1.00</td>
<td>£2.30</td>
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</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Pack Size</th>
<th>Units of Alc</th>
<th>Min Price per Unit</th>
<th>Minimum Price</th>
<th>Current Price</th>
<th>Per Unit</th>
<th>Cost per 100ml</th>
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</thead>
<tbody>
<tr>
<td>Tesco Value Lager</td>
<td>4 x 440ml</td>
<td>3.6</td>
<td>£0.40</td>
<td>£1.44</td>
<td>£0.93</td>
<td>£0.26</td>
<td>£0.053</td>
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<tr>
<td>Tesco Value Vodka</td>
<td>70cl blt 37.5 abv</td>
<td>25.2</td>
<td>£0.40</td>
<td>£10.08</td>
<td>£7.63</td>
<td>£0.30</td>
<td>£1.090</td>
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<tr>
<td>Highland Spring Water</td>
<td>750ml bottle</td>
<td>0</td>
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<td>n/a</td>
<td>£0.81</td>
<td>n/a</td>
<td>£0.108</td>
</tr>
<tr>
<td>Tesco Mountain Sport Still</td>
<td>1 Litre bottle</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>£0.50</td>
<td>n/a</td>
<td>£0.050</td>
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<tr>
<td>Volvic Mountain Spring Water</td>
<td>6 x 500ml</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>£1.90</td>
<td>n/a</td>
<td>£0.063</td>
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</tbody>
</table>

Tesco Value Lager 4 x 440ml pack 0.9 Units/can. The equivalent cost of 1 pt is 30.1p or 1 unit = 25.8p 1pt= 568ml
Tesco Value Vodka 70cl blt £7.63 25.2 Units. The equivalent cost of a 25ml is 27.25p or 1 unit = 30.3p

Current Prices were taken from www.mysupermarket.co.uk on 19th January 2010
• The justification for empowering licensing boards to raise the legal alcohol purchase age in their area to 21

CLG does not believe there is any justification in raising the legal age to purchase alcohol to 21. The 2005 Act entitles a person age 18 to become a personal licence holder i.e. the responsible person to operate a licensed premise. Raising the age to 21 would run counter to this. Any problems caused with persons buying alcohol does not necessarily lay with those aged between 18 and 21, but with those aged under 18 who are currently buying alcohol or having alcohol bought for them by proxy who can go on to cause problems. By raising the age to 21 there is a risk that those hitherto legally entitled to buy alcohol are driven onto the streets and into parks to consume alcohol which can only serve to increase alcohol fuelled anti-social behaviour. It is surely better to have public of this age in controlled environments like public houses.

Paul Smith
Managing Director
Castle Leisure Group (CLG)
20 January 2010